

In re patent application of:

) Attorney Docket No.: F-175

Frederick W. Ryan, Jr., et al.

) Group Art Unit: 3627

Serial No.: 09/634,041

) Examiner: Joseph A. Fischetti

Filed: August 8, 2000

) Date: June 11, 2003

Title: **METHOD FOR COLLECTING SALES AND/OR USE TAXES ON
SALES THAT ARE MADE VIA THE INTERNET AND/OR CATALOG**

APPELLANTS' CORRECTED, SUBSTITUTED BRIEF

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Sir:

This brief is in furtherance of the Notice of Appeal filed in this case on March 18, 2002, and in response to the Notification of Non-Compliance with 37 §1.129(c) mailed July 11, 2002.

This Brief is transmitted in triplicate.

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I REAL PARTY IN INTEREST

Pitney Bowes Inc. is the real party in interest.

II RELATED APPEALS AND INTERFERENCES

There are no related Appeals and Interferences.

III STATUS OF CLAIMS

- a) Claims 1-6, 8-16, and 17-33 are in the application.
- b) Claims 1-6 and 8-16 are rejected.
- c) Claims 17-33 have been withdrawn from consideration
- d) Claims 1-6 and 8-16 are on appeal.

IV STATUS OF AMENDMENTS

An amendment subsequent to the December 19, 2001, Final Rejection was filed on February 4, 2002. This amendment was entered. The Examiner removed the rejection under Section 112 second paragraph in a February 8, 2002, Advisory Action.

V SUMMARY OF THE INVENTION

A. Background

The prior art does not provide for a method that allowed taxing jurisdictions to have an agent collect sales and/or use taxes on remote sales that are segmented by the agent into different data bases, wherein the identity of the seller is not revealed to the taxing jurisdiction.

One type of tax levied by governments is a tax on the sale and/or use of goods and/or services. "Sales taxes" are usually imposed at a certain percent of the receipts

from every retail sale of tangible personal property made in the taxing jurisdiction. "Use taxes" are usually imposed on the use of tangible personal property or taxable services within the taxing jurisdiction.

Generally, a jurisdiction has the right or power to tax a commercial transaction if the commercial transaction takes place within the taxing jurisdiction, i.e., goods subject to a sales tax are sold by a store that is physically located within the taxing jurisdiction. Goods subject to a use tax are goods that are used, consumed or stored in the taxing jurisdiction. The taxing jurisdictions usually have no difficulty collecting sales taxes on sales in their taxing jurisdiction made by merchants physically located in the taxing jurisdiction. A buyer is responsible for the payment of the tax if the seller does not collect the tax. However, the taxing jurisdictions usually find it difficult to collect taxes on the sale and/or use of goods and/or services that are made in a different jurisdiction and delivered and/or performed in the taxing jurisdiction. There has been a tremendous increase in the number of commercial transactions that are or may be subject to a sales and/or use tax that are taking place over the internet or from catalogs. The taxing jurisdictions are having difficulty collecting sales and/or use taxes that are made via the Internet and catalogs.

In existing tax collection systems, a representative of a taxing jurisdiction must physically visit a seller in order to audit the seller. As a result, the seller, to some degree, can control the amount of information and content of information to which any given taxing jurisdiction has access. For example, a seller may not show the taxing jurisdiction all of the relevant information or the taxing jurisdiction may view information that it is not entitled to view.

Currently, sellers are also responsible for calculating taxes due based upon the location of the buyer, collecting taxes due from the buyer, accounting for taxes collected for the taxing jurisdiction, remitting taxes to the taxing jurisdiction for which they were collected, filing tax returns with each taxing jurisdiction for which taxes have been collected and supporting each taxing jurisdiction's audit of the buyer's records.

B. Appellants claim a method that allows taxing jurisdictions to have an agent collect sales and/or use taxes on remote sales that are segmented by the agent into different data bases, wherein the identity of the seller is not revealed to the taxing jurisdiction.

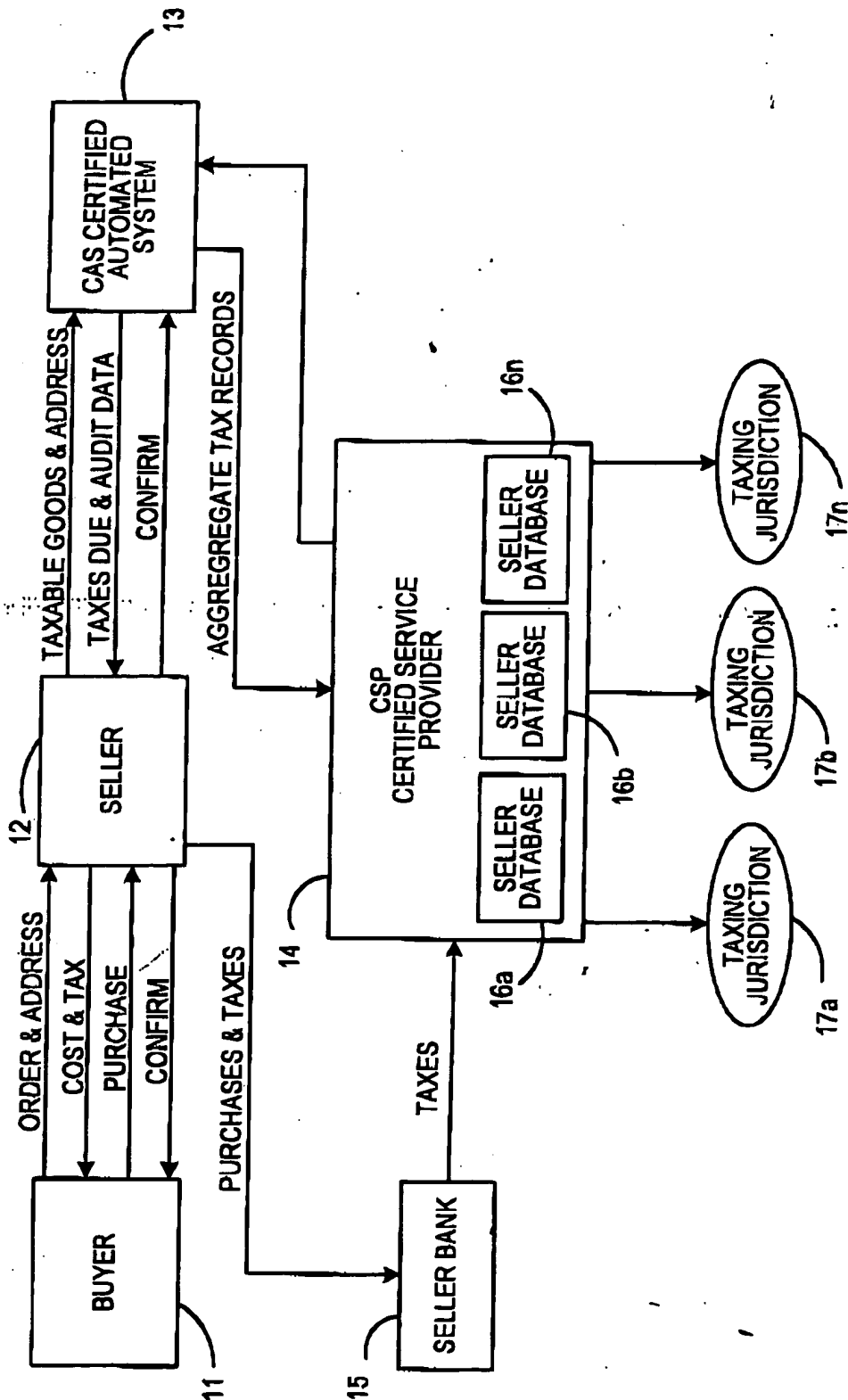
This invention provides a method that allows taxing jurisdictions to collect sales and/or use taxes on sales that are made via remote sales i.e., via the internet and/or catalogs, etc. The invention also makes it easier for sellers to comply with the taxing jurisdiction's mandated seller administrative functions. The foregoing is accomplished by using an agent to perform the sales tax administration functions of a seller, thereby relieving the seller of as much of the burden of compliance as possible.

Buyer and seller privacy are increased by segmenting seller and taxing jurisdiction data bases and by implementing a mechanism to provide buyers and sellers with a receipt of taxes paid. Sellers are provided with a mechanism to inspect the tax records maintained by the agent. The taxing jurisdictions are able to identify potentially fraudulent seller behavior, while limiting their access to named seller tax collection records.

Currently, audits must be coordinated between the taxing jurisdiction performing the audit and the seller being audited when fraudulent behavior is suspected. This

invention eliminates the need for the above type of coordination, and it also enables the taxing jurisdictions to audit sellers without the seller's prior knowledge or consent. The sellers may be given some control over the taxing jurisdiction's unsupervised access into their records. The invention may give sellers varying degrees of control over the taxing jurisdiction's access to their records, by allowing the taxing jurisdictions access to seller data only after the seller has been able to review the data. Prior to the taxing jurisdiction's review of a seller's records, a message would be sent to the seller (e.g., via email or an email service with receipt. After the seller either grants permission to the taxing jurisdiction or a specified time period passes (e.g., seven days), the taxing jurisdiction would be allowed to view the detailed records. This would enable a seller to review the records and resolve any issues prior to a taxing jurisdiction's audit. Alternatively, a seller may be informed after a taxing jurisdiction reviewed seller's records.

FIG. 1



The foregoing method is shown in Fig. 1 and Line 12 of page 5 to line 11 of page 8 of Appellants' Patent Application. A copy of Fig. 1 appears next to this page. Buyers 11 purchase goods and/or services from sellers 12 via the Internet and/or catalog. The information exchanged between buyer 11 and seller 12 and seller 12 and buyer 11 may be: the particulars of the sales order and/or service; the location of the buyer; the cost of the sales order and/or service, including any sales or use tax that may be due; acceptance of the order by seller 12, and confirmation of the order by buyer 11. Seller 12 may transmit the location of buyer 11, the items and/or services to be purchased by buyer 11, the classification of the items and/or services to be purchased by buyer 11 and the cost of the items and/or services purchased by buyer 11 to certified automated system (CAS) 13. Seller 12 receives from CAS 13 the amount of taxes due on the sale. CAS 13 maintains a log of all sales and/or use tax transactions. CAS 13 transmits the aggregate tax records; i.e., a log of all sales and/or use tax transactions to certified service provider (CSP) 14. CAS 13 calculates the tax and transmits the amount of taxes that are due to seller 12.

Periodically, seller 12 will transmit the monies it receives from buyer 11 to seller bank 15. Bank 15 will periodically send the taxes that are due to CSP 14. CSP 14 will set up tax record data bases 16a, 16b.....16n for each seller 12 in each taxing jurisdiction 17a, 17b,17n. CSP 14 will aggregate the payments that are due to taxing jurisdictions 17a, 17b,17n, prepare documentation, (tax returns) for taxing jurisdictions 17a, 17b,17n submit documentation to taxing jurisdictions 17a, 17b,17n, submit tax revenues to jurisdictions 17a, 17b,17n and support taxing jurisdictions 17a, 17b,17n when they audit buyer 11. CSP 14 can restrict taxing

jurisdictions 17a, 17b,17n access to data while still enabling complete disclosure of information in the support of tax audits. This is accomplished by separating the data received from the CAS 13 into several separate seller tax record data bases 16a, 16b,... 16n and restricting access to those seller tax record data bases 16a, 16b,... 16n. Separate seller tax record data bases 16a, 16b,...16n exist for each taxing jurisdictions 17a, 17b,17n.

Taxing jurisdictions 17a, 17b,17n will receive: all the transactions for which taxes are due the taxing jurisdictions, all transactions in which taxes would normally be due the taxing jurisdictions but for which an exemption has been claimed, all tax returns generated and filed by CSP 14 with taxing jurisdictions 17a, 17b,17n, and a log of all financial transactions with taxing jurisdictions 17a, 17b,17n. Taxing jurisdictions 17a, 17b,17n are restricted from viewing each other's data bases. In addition, sellers stored in seller tax record data bases 16a, 16b,... 16n may be stored with an alias (e.g., a buyer ID number) which is not normally exposed to taxing jurisdictions 17a, 17b,17n. Taxing jurisdictions 17a, 17b,17n could audit seller tax record data bases 16a, 16b,...16n and tax return information based upon seller ID number. A seller's identity would be disclosed to a taxing jurisdiction 17a, 17b,17n only if there were sufficient suspicion of fraud based upon audit data. The foregoing may also be done for buyers 11.

A seller 12 may view the contents of his/her seller tax record data bases 16a, 16b,... 16n. A seller tax record data base 16a, 16b,...16n contains: a record of all transactions the seller has conducted, a record of all tax returns filed by CSP 14 on

behalf of the seller 12, a record of all financial transactions with the seller 12, and a record of audits performed by taxing jurisdictions 17a, 17b,17n.

CAS 13 may be the sales tax software sold by Taxware International, Inc. of 27 Congress Street, Salem, MA 01970, or the sales tax software sold by VERTEX, INC., of 1041 Old Cassat Road, Berwyn, Pennsylvania 19312, or other similar software and/or system.

CSP 14 is an agent certified by taxing jurisdictions 17a, 17b,17n. CSP 14: determines the total amount of taxes due to each taxing jurisdiction; pays the taxes to taxing jurisdictions 17a, 17b,...17n; and files tax returns with taxing jurisdictions 17a, 17b,...17n in cooperation with CAS 13 on behalf of sellers 12. CSP 14 also allows taxing jurisdictions 17a, 17b,...17n to audit sellers 12. CSP 14 may be an automated computer system which performs data processing and financial transactions.

VI ISSUES PRESENTED FOR REVIEW

Whether or not claims 1-5 and 8-16 should be rejected under 35 USC §112 second paragraph.

- A. Whether or not claims 1-5 and 8-16 are patentable under 35 U.S.C. §103(a) over Chong (U.S. Patent No. 5,335,169) in view of Francisco et al (U.S. Patent No. 6,078, 899), Appendix A of RFP 6/1/2000 and Himmell et al (U.S. Patent No. 6,321,256 B1).
- B. Whether or not claims 5 and 6 are patentable under 35 U.S.C. §103(a) over Chong (U.S. Patent No. 5,335,169) in view of Francisco et al (U.S. Patent No. 6,078, 899), Appendix A of RFP 6/1/2000, Himmell et al (U.S. Patent No. 6,321,256 B1), and further in view of Longfield (U.S. Patent No. 5,193,057).

- C. Whether or not claims 8 and 9 are patentable under 35 U.S.C. §103(a) over Chong (U.S. Patent No. 5,335,169) in view of Francisco et al (U.S. Patent No. 6,078, 899), Appendix A of RFP 6/1/2000 and Himmell et al (U.S. Patent No. 6,321,256 B1).
- D. Whether or not claim 12 is patentable under 35 U.S.C. §103(a) over Chong (U.S. Patent No. 5,335,169) in view of Francisco et al (U.S. Patent No. 6,078, 899), Appendix A of RFP 6/1/2000 and Himmell et al (U.S. Patent No. 6,321,256 B1).
- E. Whether or not claims 13 and 14 are patentable under 35 U.S.C. §103(a) over Chong (U.S. Patent No. 5,335,169) in view of Francisco et al (U.S. Patent No. 6,078, 899), Appendix A of RFP 6/1/2000 and Himmell et al (U.S. Patent No. 6,321,256 B1).
- F. Whether or not claim 16 is patentable under 35 U.S.C. §103(a) over Chong (U.S. Patent No. 5,335,169) in view of Francisco et al (U.S. Patent No. 6,078, 899), Appendix A of RFP 6/1/2000 and Himmell et al (U.S. Patent No. 6,321,256 B1).

VII GROUPING OF CLAIMS

- A. Claims 1-5 and 8-16 stand or fall together with regards to the rejection under 35 USC §103(a).
- B. Claims 5 and 6 stand or fall together with regards to the rejection under 35 USC §103(a).
- C. Claims 8 and 9 stand or fall together with regards to the rejection under 35 USC §103(a).
- D. Claim 12 stands or falls with regards to the rejection under 35 USC §103(a).

- E. Claims 13 and 14 stand or fall together with regards to the rejection under 35 USC§103(a)..
- F. Claim 16 stands or falls with regards to the rejection under 35 USC§103(a).

VIII ARGUMENTS

1. Claims 1-5, and 8-16 have been rejected by the Examiner under 35 U.S.C. §112, second paragraph in the December 19, 2001, Final Rejection, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

In a July 11, 2002, Notification of Non-Compliance with 37 CFR §1.192(c), the Patent Office indicated that Appellants' had not addressed the outstanding 112 second paragraph rejection. In a February 8, 2002, Advisory Action, the Examiner indicated that "3. Applicant's reply has overcome the following rejection(s): 112 second paragraph." A copy of the February 8, 2002, Advisory Action is attached hereto under heading XI.

A. Claims 1-5 and 8-16 have been rejected by the Examiner under 35 U.S.C. §103(a) over Chong (U.S. Patent No. 5,335,169) in view of Francisco et al (U.S. Patent No. 6,078, 899), Appendix A of RFP 6/1/2000 and Himmell et al (U.S. Patent No. 6,321,256 B1).

Chong discloses the following in column 4, lines 43-62:

"In Appendix A, an example of the screen interface with the user for the customer file maintenance module 31 is shown. This input interface allows the user to add new customer data records, change existing records, or delete inactive records. In particular, the input screen has field (1) for entering a customer identification number, field (2) for the customer name, fields (3-7) for the address, field (16) for the customer location code, field (24) for the tax rate code, and field (25) for the tax type code.

The customer location code indicates the applicable state taxing authority for sales to that customer. The code number is indexed to the corresponding support file generated by the tax authority (customer location) maintenance module 32. For the specific application of sales tax reporting, the primary tax authority for a company in the U.S. is the state and city or county where the company is located.

The tax rate code corresponds to the tax percentage that this customer is normally subject to."

Francisco discloses the following in column 1, lines 44-53:

"Sales tax rates and the items taxed vary from state to state. In most states, a Certificate of Authority is issued by the state government to retail establishments, this certificate authorizing retailers to collect sales tax from public consumers and then, in turn, pay over all collected sales tax proceeds to the state treasury. When cash transactions occur or inadequate records are kept, retailers sometimes fail to report the transactions and do not turn over the sales tax collected thereon."

Francisco discloses the following in column 2, lines 16-28:

"The consumer has no way of knowing if the collected sales tax is being turned over to the appropriate authorities.

It is apparent from the above that there exists a need in the art for a system and corresponding equipment and method to be implemented which increases the percentage of retailer transactions and collected sales tax forwarded to state and federal government agencies. By ensuring that a larger percentage of retail transactions are reported to taxing authorities and that a greater amount of the overall sales tax collected by retailers is paid over to state treasuries, local and federal economies can be more efficiently run and a lesser number of violators will slip through the cracks."

The following appears in the RFP in Appendix A on page 25 under the heading /.

Model 1:

"Description: Under this model, a retailer selects a CSP as an agent to perform all the retailer's sales tax functions. The agent then determines the amount of tax due, pays the tax to the states, and files returns with the states using a CAS."

Chong, Francisco or RFP, taken separately or together, do not disclose or anticipate the method for collecting sales and/or use taxes claimed in claim 1 and those claims dependent thereon. The cited references do not disclose or anticipate a method in which an agent of the taxing jurisdiction collects sales and/or use taxes on remote sales that are segmented into different data bases wherein the agent does not reveal to the taxing jurisdiction the identity of the seller.

The Examiner agreed that the above restriction is not disclosed in the cited references. The Examiner stated the following on Page 3 of the Final Rejection.

"While neither of the above references discuss the feature of anonymity between the payer and the taxing jurisdiction official notice is taken with regards to the old and notorious use of restricting access to records or redacting data, especially regarding personal identities before government bodies."

Governments may restrict access to government data by the public. However, governmental bodies know the identity of people with whom they are dealing. An applicant cannot file a patent application without disclosing the identity of the inventor. A person's social security number must be placed on a Federal Income Tax Return. Governments also issue birth certificates, death certificates, passports, military discharge papers, fishing licenses, hunting permits and marriage licenses to positively identify individuals from the cradle to the grave. It is the government that protects and individual's privacy rights. For instance, the government will not disclose a taxpayer's Income Tax Return to the public. It is known in taxing situations that the purchaser of goods may not be revealed to the taxing jurisdiction. However, the seller of the goods is always known to the taxing jurisdiction since they are the one who filed the Tax Return.

A unique and unobvious aspect of Appellants' claimed invention is that an agent does not reveal to the taxing jurisdiction the identity of the seller. The foregoing will make it easier for taxing jurisdiction to collect taxes on the sale and/or use of goods that are made on remote sales, i.e., taking place over the internet or from catalogs.

The Examiner also stated on page 3 of Final Rejection that Himmel, et al. discloses "...a restricting access step to files in an internet environment. It would be

obvious to modify the above combination with an access restricting step because it is desirable to keep payee anonymous in tax situations.

Himmel discloses the following in lines 54-59 of column 3:

"The present invention provides a method and apparatus for detecting, storing and retrieving information concerning advertisements which were viewed by a particular user, and using this stored information to dynamically alter the content of preferences as indicated."

The act of keeping the claimed seller, i.e., payee anonymous to the taxing jurisdiction is new and non-obvious. Appellants are unaware of any situation in which a taxing authority collects seller's sales and/or use taxes on remote sales that are segmented by an agent into different data bases, wherein the identity of the taxing jurisdiction is not revealed to the taxing jurisdiction.

Notwithstanding the foregoing, in rejecting a claim under 35 U.S.C. §103, the Examiner is charged with the initial burden for providing a factual basis to support the obviousness conclusion. *In re Warner*, 379 F.2d 1011, 154 USPQ 173 (CCPA 1967); *in re Lunsford*, 375 F.2d 385, 148 USPQ 721 (CCPA 1966); *in re Freed*, 425 F.2d 785, 165 USPQ 570 (CCPA 1970). The Examiner is also required to explain how and why one having ordinary skill in the art would have been led to modify an applied reference and/or combine applied references to arrive at the claimed invention. *In re Ochlaí*, 37 USPQ2d 1127 (Fed. Cir. 1995); *In re Deuel*, 51 F.3d 1552, 34 USPQ 1210 (Fed. Cir. 1995); *In re Fritch*, 972 F.2d 1260, 23 USPQ 1780 (Fed. Cir. 1992); *Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 837 F.2d 1044, 5 USPQ2d 1434 (Fed. Cir. 1988). In establishing the requisite motivation, it has been consistently held that both the suggestion and reasonable expectation of success must stem from the prior art itself, as a whole. *In re Ochlaí, supra*; *in re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991); *in re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988); *in re Dow Chemical Co.*, 837 F.2d 469, 5 USPQ2d 1529 (Fed. Cir. 1988).

B. Claims 5 and 6 have been rejected by the Examiner under 35 U.S.C.

§103(a) over Chong (U.S. Patent No. 5,335,169) In view of Francisco et al (U.S.

Patent No. 6,078, 899), Appendix A of RFP 6/1/2000, Himmell et al (U.S. Patent No. 6,321,256 B1) and further in view of Longfield (U.S. Patent No. 5,193,057).

In addition to the arguments made in above Section A, claim 5 has the following step added to claim 1, namely, filing reports for sellers with the taxing jurisdiction for the taxes that have been collected. Claim 6 includes the step of filing tax returns for sellers with the taxing jurisdiction for the taxes that have been collected.

While it is true that Longfield discloses the filing of tax returns and the financing by an agent, the cited references do not disclose a method in which a taxing authority collects seller's sales and/or use taxes on remote sales that are segmented by an agent into different data bases, wherein the identity of the taxing jurisdiction is not revealed to the taxing jurisdiction and the agent files reports for sellers with the taxing jurisdictions for the taxes that have been collected.

Notwithstanding the foregoing, in rejecting a claim under 35 U.S.C. §103, the Examiner is charged with the initial burden for providing a factual basis to support the obviousness conclusion. *In re Warner*, 379 F.2d 1011, 154 USPQ 173 (CCPA 1967); *in re Lunsford*, 375 F.2d 385, 148 USPQ 721 (CCPA 1966); *in re Freed*, 425 F.2d 785, 165 USPQ 570 (CCPA 1970). The Examiner is also required to explain how and why one having ordinary skill in the art would have been led to modify an applied reference and/or combine applied references to arrive at the claimed invention. *In re Ochiai*, 37 USPQ2d 1127 (Fed. Cir. 1995); *in re Deuel*, 51 F.3d 1552, 34 USPQ 1210 (Fed. Cir. 1995); *in re Frltch*, 972 F.2d 1260, 23 USPQ 1780 (Fed. Cir. 1992); *Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 837 F.2d 1044, 5 USPQ2d 1434 (Fed. Cir.

1988). In establishing the requisite motivation, it has been consistently held that both the suggestion and reasonable expectation of success must stem from the prior art itself, as a whole. *In re Ochiai, supra*; *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991); *in re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988); *in re Dow Chemical Co.*, 837 F.2d 469, 5 USPQ2d 1529 (Fed. Cir. 1988).

C. Claims 8 and 9 have been rejected by the Examiner under 35 U.S.C. §103(a) over Chong (U.S. Patent No. 5,335,169) in view of Francisco et al (U.S. Patent No. 6,078, 899), Appendix A of RFP 6/1/2000 and Himmell et al (U.S. Patent No. 6,321,256 B1).

In claim 8, the buyer information segmented by the agent may be accessed by an identification number, and in claim 9, the seller information segmented by an agent may be accessed by an identification number.

In addition to the arguments made in above Section A, the cited references, taken separately or together, do not disclose or anticipate a method in which a taxing authority collects seller's sales and/or use taxes on remote sales that are segmented by an agent into different data bases, wherein the identity of the taxing jurisdiction is not revealed to the taxing jurisdiction and the agent may access the data with an identification number.

The using of identification numbers to access the buyer information segmented by the agent and the seller information segmented by the agent increases the buyer's and seller's privacy.

D. Claim 12 has been rejected by the Examiner under 35 U.S.C. §103(a) over Chong (U.S. Patent No. 5,335,169) in view of Francisco et al (U.S. Patent No. 6,078, 899), Appendix A of RFP 6/1/2000 and Himmell et al (U.S. Patent No. 6,321,256 B1).

In claim 12, the agent reveals the identity of the seller if the segmented information identifies improper conduct.

In addition to the arguments made in above Section A, the cited references, taken separately or together, do not disclose or anticipate a method in which a taxing authority collects seller's sales and/or use taxes on remote sales that are segmented by an agent into different data bases, wherein the agent reveals the identity of the seller if the segmented information identifies improper conduct. Thus, the identity of the Seller will only be revealed if improper conduct is identified.

E. Claims 13 and 14 have been rejected by the Examiner under 35 U.S.C. §103(a) over Chong (U.S. Patent No. 5,335,169) in view of Francisco et al (U.S. Patent No. 6,078, 899), Appendix A of RFP 6/1/2000 and Himmell et al (U.S. Patent No. 6,321,256 B1).

In claim 13, the Seller will be notified that a taxing jurisdiction is studying its segmented sales and/or use taxes collected; and in claim 14, the seller will be able to review the seller's segmented sales and/or use taxes, collected before the taxing jurisdiction studies the seller's segmented sales and/or use taxes collected.

In addition to the arguments made in above Section A, the cited references, taken separately or together, do not disclose or anticipate a method in which a taxing authority collects seller's sales and/or use taxes on remote sales that are segmented by

an agent into different data bases, wherein the identity of the taxing jurisdiction is not revealed to the taxing jurisdiction and the seller is notified that a taxing jurisdiction is studying its segmented sales (claim 13) or the seller will be able to review the seller's segment sales before the taxing jurisdiction studies the segmented sales (claim 14).

F. Claim 16 has been rejected by the Examiner under 35 U.S.C. §103(a) over Chong (U.S. Patent No. 5,335,169) in view of Francisco et al (U.S. Patent No. 6,078, 899), Appendix A of RFP 6/1/2000 and Himmell et al (U.S. Patent No. 6,321,256 B1).

In claim 16, the taxing jurisdiction pays the agent for the services rendered by the agent.

In addition to the arguments made in above Section A, the cited references, taken separately or together, do not disclose or anticipate a method in which a taxing authority collects seller's sales and/or use taxes on remote sales that are segmented by an agent into different data bases, wherein the taxing jurisdiction pays the agent for the services rendered by the agent.

IX PRAYER FOR RELIEF

Appellants respectfully submits that appealed claims 1-6 and 8-16 in this application are patentable. It is requested that the Board of Appeal overrule the

Examiner and direct allowance of the rejected claims.

Respectfully submitted,



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X APPENDIX OF CLAIMS INVOLVED IN THE APPEAL

What is claimed is:

1. A method for collecting sales and/or use taxes on remote sales, said method includes the steps of:
 - A) collecting information regarding remote sales made by buyers;
 - B) calculating the correct taxing jurisdictions sales and/or use tax to be paid by buyers for remote sales;
 - C) collecting by sellers from buyers the correct sales and/or use tax;
 - D) collecting by an agent the correct sales and/or use tax received by sellers;
 - E) segmenting by the agent, the seller's sales and/or use taxes and the information collected by the sellers for particular taxing jurisdictions into different data bases, wherein the identity of the seller is not revealed to the taxing jurisdiction; and
 - F) paying each taxing jurisdiction the taxes that are due.
2. The method claimed in claim 1, wherein buyers are given a receipt for the taxes they have paid.
3. The method claimed in claim 1, wherein the seller sales are also segmented for each buyer.
4. The method claimed in claim 1, further including the step of:
reporting to the taxing jurisdictions the taxes that have been collected.

5. The method claimed in claim 1, further including the step of:
filing reports for sellers with the taxing jurisdictions for the taxes that have been collected.
6. The method claimed in claim 1, further including the step of:
filing tax returns for sellers with the taxing jurisdictions for the taxes that have been collected.
8. The method claimed in claim 1, wherein the buyer information segmented by the agent may be accessed by an identification number.
9. The method claimed in claim 1, wherein the seller information segmented by the agent may be accessed by an identification number.
10. The method claimed in claim 9, wherein a taxing jurisdiction will be able to access seller information segmented by the agent for that jurisdiction with an identification number.
12. The method claimed in claim 11, wherein the agent reveals the identity of the seller if the segmented information identifies improper conduct.

13. The method claimed in claim 10, further including the step of notifying a seller that a taxing jurisdiction is studying its segmented sales and/or use taxes collected.

14. The method claimed in claim 10, wherein a seller will be able to review the seller's segmented sales and/or use taxes collected before the taxing jurisdiction studies the seller's segmented sales and/or use taxes collected.

15. The method claimed in claim 10, wherein a taxing jurisdiction will be able to access the segmented sales and/or use taxes collected only after specified time period has passed.

16. The method claimed in claim 1, wherein the taxing jurisdictions pay the agent for services rendered by the agent.

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Date